

Message Text

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PAGE 01 ROME 16966 121405Z
ACTION PM-05

INFO OCT-01 EUR-12 ISO-00 EA-10 SS-15 L-03 HA-05
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C O N F I D E N T I A L ROME 16966

EO 11652: GDS
TAGS: MASS, IT, US, TW
SUBJ: AERITALI PROPOSAL TO SELL F-104G AND 104S TO SU FOR TAIWAN

REF: ROME 14664

1. AERITALIA PRESIDENT ORTONA INFORMED CHARGE ON SEPTEMBER 6 OF A PROPOSAL THROUGH WHICH HIS COMPANY AND THE GOI WOULD PROVIDE AS MANY AS SIXTY F-104S AND F-104G AIRCRAFT TO THE UNITED STATES FOR RESALE TO THE REPUBLIC OF CHINA. AN AERITALIA LOBBYIST, U.S. GEN. (RET.) C.V. CLIFTON APPARENTLY HAS DISCUSSED THE PROPOSAL WITH BOTH STATE AND DEFENSE, AND ALSO APPARENTLY RECEIVED INDICATIONS OF INTEREST IN IT FOR BOTH.

2. PROPOSAL CALLS FOR THE UNITED STATES TO PURCHASE 20 F-104S FROM AERITALIA FOR 5.6 TO 5.9 MILLION DOLLARS APIECE PLUS THE NECESSARY SPARE PARTS. THE COST OF THE TOTAL PACKAGE WOULD BE NEARLY 200 MILLION DOLLARS, THOUGH IT MIGHT BE REDUCED IF THE AIRCRAFT WERE FURNISHED UNASSEMBLED. IN ADDITION TO THE F-104S, WHICH AERITALIA COULD PROVIDE RELATIVELY QUICKLY, THE PROPOSAL ENVISIONS A U.S. PURCHASE OF APPROXIMATELY 40 F-104G FROM THE ITALIAN AIR FORCE WHICH WOULD THEN BE TRANSFERRED TO TAIWAN. THE F-104G PORTION OF THIS DEAL WOULD DEPEND ON ITALIAN MOD APPROVAL OF THE SALE, WHICH HAS NOT BEEN OBTAINED SO FAR. REFTEL NOTES THAT IAF HAS
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PAGE 02 ROME 16966 121405Z

NO EXCESS REPT EXCESS F-104G FOR SALE. IF MOD APPROVES, AERITALIA WILL PRESUMABLY SELL IAF 40 F-104S TO REPLACE F-104G.

3. GENERAL CLIFTON REPORTEDLY INFORMED ORTONA THAT DOD CONSIDERS (HIS) PROPOSAL A COMBINED OFFER FROM AERITALIA AND THE ITALIAN MOD. CLIFTON ALSO APPARENTLY ALLUDED TO A

POSSIBLE AWACS "OFFSET" ASPECT OF THIS TRANSACTION. ORTONA
ASKED THE CHARGE WHETHER CLIFTON'S PROPOSAL HAD INDEED BEEN
CONSIDERED BY WASHINGTON--AND AS FAVORABLY AS DESCRIBED.

4. ACTION REQUESTED: WASHINGTON PLEASE ADVISE ON HOW WE SHOULD
RESPOND TO AMBASSADOR ORTONA. HOLMES

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Message Attributes

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Disposition Approved on Date:
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